

October 2008

Clyde Valley Learning and
Development Joint Committee
Annual Report to Members and
the Controller of Audit

Contents

Section	Page
Executive Commentary	1
1. Introduction	2
2. Audit Process and Financial Position	3
3. Governance and Internal Financial Control.....	5

Executive Commentary

Our overall responsibility as the external auditor of the Clyde Valley Learning and Development Joint Committee (“the Committee”) is to undertake our audit in accordance with the principles contained in the Audit Scotland Code of Audit Practice revised and published in March 2007.

Independent Auditors’ report and audit process (Section 2)

We are pleased to report that our opinion (presents fairly) on the financial statements for the seven month period ended 31 March 2008 is **unqualified**.

The financial statements and supporting schedules were presented to us for audit within the agreed timetable. The quality of supporting working papers provided and internal review process undertaken by management were of a reasonable standard.

Our audit of the financial statements identified a number of minor disclosure and financial adjustments which have now been amended by Management in the financial statements.

Financial Position 2007/08 (Section 2)

The Committee’s net operating expenditure for the seven month period ended 31 March 2008 is nil. Expenditure for the seven months was £73,000 made up of administration costs and payments to other bodies. This was matched with income from Scottish Government grant, which was received to assist in the set up of the Committee.

The general fund balance as at 31 March 2008 is nil due to £490,000 being recorded as deferred income (creditor) as it relates to income received as part of a three year grant. This £490,000 is invested in the South Lanarkshire Council’s loans fund (current assets).

Governance and Internal Financial Control (Section 3)

The Committee utilises the key financial systems in place at South Lanarkshire Council, in particular general ledger, payroll, accounts payable and accounts receivable. Therefore appropriate systems audit work has been undertaken as part of our 2007/08 audit of South Lanarkshire Council.

PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow
G2 2LW

8 October 2008

1. Introduction

- 1.01 Our overall responsibility as the external auditor of Clyde Valley Learning and Development Joint Committee (“the Committee) is to undertake our audit in accordance with the principles contained in the Audit Scotland Code of Audit Practice revised and published in March 2007.
- 1.02 The Code sets out the need for public sector audits to be planned and undertaken from a wider perspective than in the private sector, involving assurance on the financial statements but also consideration of areas such as regularity, performance and achievement of Best Value.
- 1.03 Set out below for information is a summary of our responsibilities as your external auditor and the responsibilities of the Committee and the Treasurer.

Responsibility of the Treasurer and the Committee	Responsibilities of External Audit
<ul style="list-style-type: none"> • Ensuring proper administration of the Committee’s financial affairs. • Managing the Committee’s affairs to secure economic, efficient and effective use of resources and safeguard its sets. • Selecting suitable accounting policies and applying them consistently. • Making judgements which are prudent, and estimates that are reasonable and prudent in line with the CIPFA/LAASAC Code of Practice on local authority accounting in the United Kingdom. • Maintaining proper accounting records. 	<ul style="list-style-type: none"> • Issuing an audit report (opinion) on whether the financial statements present fairly the financial position of the Committee as at 31 March 2008 and its income and expenditure for the seven month period ended. • Determining whether the financial statements have been prepared in accordance with relevant legislation, accounting standards and other reporting requirements.

- 1.04 Under the requirements of International Standard on Auditing (UK and Ireland) (‘ISA’) 260: “Communication of audit matters to those charged with governance”, we are required to communicate audit matters arising from our audit of financial statements to those charged with governance of an entity. This report discharges our requirements set out under ISA 260.

Acknowledgements

- 1.05 We would like to thank all management and staff involved for their assistance throughout the audit process.

2. Audit Process and Financial Position

2.01 The Clyde Valley Learning and Development Joint Committee was established in September 2007. Therefore, the financial statements reflect the seven month period ended 31 March 2008.

Our Audit Opinion

2.02 The Local Government (Scotland) Act 1973 requires that, following the completion of an audit, the auditors shall place on the abstract of accounts a certificate which sets out the basis on which they have formed their audit opinion. Our opinion on the accounts states:

- That the audit has been conducted in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Code of Audit Practice;
- The respective responsibilities of management and auditors in relation to the accounts; and
- Whether, in the auditors' opinion, the accounts present fairly the financial position of the Committee as at 31 March 2008.

2.03 We are pleased to report that our opinion (presents fairly) on the financial statements for the seven months ended 31 March 2008 is **unqualified**.

Audit Process

2.04 The financial statements for the Committee have been prepared in accordance with the accounting requirements set out in the Code of Practice on local authority accounting in the UK 2007 – A statement of recommended practice (“SORP”).

2.05 The accounts were approved by the Treasurer for issue on 30 June 2008 and presented to Audit Scotland by the statutory deadline of 30 June 2008. The financial statements and supporting schedules were presented to us for audit within the agreed timetable. The quality of supporting working papers provided and internal review process undertaken by management were of a reasonable standard. Overall we believe an efficient audit process was achieved and an effective working relationship exists with the South Lanarkshire Council finance staff who prepare the financial statements.

Adjustment to the draft Financial Statements

2.06 Our audit of the financial statements identified a number of minor disclosure and financial adjustments which have now been amended by Management in the audited financial statements.

2.07 Under international auditing standard (“ISA”) 260 – “Communication of audit matters to those charged with governance” we are required to report all unadjusted errors identified during the course of our audit to Members of the Clyde Valley Learning and Development Joint Committee, in their governance role. We are pleased to report that all adjustments proposed have been agreed with management and are reflected in the audited financial statements.

Financial Position for the Seven month period ended 31 March 2008

- 2.08 The Committee's net operating expenditure for the seven month period ended 31 March 2008 is nil. Expenditure for the seven months was £73,000 made up of administration costs and payments to other bodies. This was matched with income from Scottish Government grant, which was received to assist in the set up of the Committee.
- 2.09 The general fund balance as at 31 March 2008 is nil due to £490,000 being recorded as deferred income (creditor) as it relates to income received as part of a three year grant. This £490,000 is invested in South Lanarkshire Council's loans fund (current assets).

3. Governance and Internal Financial Control

- 3.01 It is part of management's overall responsibility to design and maintain appropriate systems of internal control to provide reasonable assurance that the accounting systems provide timely, accurate and reliable financial information and to safeguard Clyde Valley Learning and Development Joint Committee's assets.
- 3.02 As auditors, we obtain a sufficient understanding of internal controls to plan the audit. The understanding includes knowledge about the design of policies and procedures and whether they have been implemented, but does not necessarily extend to evaluating the operating effectiveness of all such policies and procedures. We only evaluate, and test, those internal controls on which we plan to rely on during our audit and which are required in relation to our Code of Audit Practice responsibilities. Accordingly, an audit would not usually identify all matters of interest to management in discharging its responsibilities.
- 3.03 The Committee utilises the key financial systems in place at South Lanarkshire Council in particular general ledger, payroll, accounts payable and accounts receivable. Therefore appropriate systems audit work has been undertaken as part of our 2007/08 audit of South Lanarkshire Council. During the course of our interim controls work we noted a number of exceptions in respect of the Council's financial systems, which have been discussed and agreed with management. Agreed actions are reflected in a detailed action plan monitored by South Lanarkshire Council officers.

Statement of Internal Financial Control

- 3.04 The financial statements, in accordance with the SORP include a statement on the system of internal financial control which has been signed by the Committee's Treasurer. This statement sets out the financial control arrangements in place for the seven month period and future reviews planned.

Fraud and Corruption Arrangements

- 3.05 For the seven month period ended 31 March 2008, no frauds were reported.

© 2008 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to the PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

This report is protected under the copyright laws of the United Kingdom and other countries. It contains information that is proprietary and confidential to PricewaterhouseCoopers LLP, and shall not be disclosed outside the recipient's company or duplicated, used or disclosed in whole or in part by the recipient for any purpose other than to evaluate this proposal. Any other use or disclosure in whole or in part of this information without the express written permission of PricewaterhouseCoopers LLP is prohibited.